

## Message Text

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64

ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 SIL-01 LAB-04 TRSE-00 CIAE-00

DODE-00 INR-07 NSAE-00 PA-02 USIA-15 PRS-01 SP-02

EUR-12 /062 W

----- 052354

R 191402Z AUG 76

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 2089

INFO USDOC WASHDC

UNCLAS KINGSTON 3459

E.O. 11652: N/A

TAGS: ETRD, JM

SUBJECT: SEVERAL MONTEGO BAY BUSINESSES CLOSE AS TOURISM FURTHER  
DECLINES

REFERENCE: KINGSTON A-104

1. DUE TO DECLINING TOURIST INDUSTRY, MOST HOTELS IN MONTEGO BAY AND OCHO RIOS HAVE CLOSED EARLIER THAN USUAL FOR SUMMER SEASON. ALSO AFFECTING MONTEGO BAY IS WITHDRAWAL OF NORWEGIAN CARIBBEAN LINES CRUISE SHIPS SOUTHWARD AND STARWARD FROM MONTEGO BAY IN FAVOR OF OCHO RIOS. THE IN-BOND STORES HAVE BEEN SUFFERING SEVERE FINANCIAL DIFFICULTIES DUE TO LACK OF TOURIST BUSINESS AND THE RECENT BANK OF JAMAICA REGULATION WHICH FORCES THEM TO ACCEPT PAYMENT FOR PURCHASES IN FOREIGN CURRENCY ONLY. AS A RESULT, THE ECONOMIC SITUATION IN MONTEGO BAY HAS CONTINUED TO WORSEN RESULTING IN THE CLOSURE OF SEVERAL BUSINESS ESTABLISHMENTS WITH LOSS OF SOME 200 JOBS. AMONG THESE ARE THE DADLANI IN-BOND STORES WITH OPERATIONS IN MONTEGO BAY, OCHO RIOS AND RUNAWAY BAY WHICH ARE NOW IN RECEIVERSHIP. SPECULATION IS THAT OTHER IN-BOND STORES WILL ALSO CLOSE. OTHER CLOSURES IN MONTEGO BAY DEPENDENT ON THE TOURIST INDUSTRY FOR SURVIVAL INCLUDE THE LARGEST LAUNDRY AND DRY-CLEANING ESTABLISHMENT, NOTHSHORE LAUNDRY, RESULTING IN OVER 100 WORKERS BEING DISMISSED

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BECAUSE OF "VERY POOR BUSINESS" AND THE LARGEST PRINTING

ESTABLISHMENT, MONTEGO PRESS, WHICH DID A THRIVING BUSINESS WITH SEVERAL MAJOR HOTELS.

2. PLANTATION INN AND JAMAICA INN IN OCHO RIOS HAVE ALREADY CLOSED FOR THE SUMMER DUE TO SEVERE DECLINE IN TOURISM.

3. DECLINE IN VISITOR ARRIVALS CAUSED BY 8 PERCENT DROP IN U.S. MARKET IS ATTRIBUTED TO ADVERSE PRESS PUBLICITY. HOWEVER, THERE WAS INCREASE OF 22 PERCENT IN CANADIAN MARKET FOR FIRST HALF OF 1976 COMPARED TO SAME PERIOD OF 1975. ALTHOUGH U.K. AND CONTINENTAL EUROPEAN MARKETS CONTRIBUTE RELATIVELY LITTLE TO OVERALL TOURIST TRADE, THERE WAS ALSO INCREASE IN THESE MARKETS.

4. ACCORDING TOURIST BOARD SOURCE, DUE TO STRONG WINTER BOOKINGS, THERE IS HOPE THAT EARNINGS FOR 1976 WILL NOT FALL FAR BELOW 1975 FIGURE OF \$116 MILLION.  
GERARD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, TOURISM  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 AUG 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976KINGST03459  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760319-0025  
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**Office:** ACTION ARA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 KINGSTON A-104  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 APR 2004 by ReddocGW>; APPROVED <03 JAN 2005 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SEVERAL MONTEGO BAY BUSINESSES CLOSE AS TOURISM FURTHER DECLINES  
**TAGS:** ETRD, JM  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006